Stanford eCorner

The Value of Speed

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As an entrepreneur, should you be thoughtful or fast? Entrepreneur Sukhinder Singh Cassidy sees this as a false dilemma and encourages entrepreneurs to focus on increasing the rate of learning. While speed is of the essence, says Singh Cassidy, "speed should not be confused with market timing."

Transcript

So, what's the value of speed, right, lots of people talk about being really fast and you sort of say, well, if the journey is going to take a while and it's going to evolve these in section points and it's going to be this journey that sometimes horizontal and up into the way, then horizontal again like, should I be faster or should I be fast? And I think the most interesting thing people think about when they think about the value of speed, and iterations and product releases and what have you, is about the rate of progress. I think it's about the rate of learning, right? So, as you all know there are many examples in the Valley of companies that weren't the first in their field, Google certainly wasn't the first on performance advertising, Pinterest was not the first mood board, Facebook was not the first social network, right, what is always about being first, but it was about the rate of somebody's learning on top of yours, if you were the first player at a faster rate, right. And so, speed is not to be confused with market timing because you can be a speedy as you want and there is still in some ways an element that is out of your control, right, which is when is the customer ready for what you have, right? At Yodlee, the best example is 10 years ago we thought we had a data platform, right, for financial data and that the customer who'd want to aggregate their financial data in the single place. And for seven years Yodlee take it along. And you know when Yodlee became hot again, when Mint got sold for $170 million, it's like, aha, that's where the data platform is. It took seven or eight years for people to understand, work for the market to be ready, right, it took a beautiful consumer application and financial services for people to recognize the value of a data platform. We were wrong on timing, right, but we were right on speed because all the way through that journey, right, I think the Yodlee was successful when learning at a faster rate than anyone else, right? The other key benefit is speed of course as market conditions change. And your ability to respond to those changes as an entrepreneur may be the difference between whether or not you have enough money to make it to your next round, to make it to your next milestone or not. And the key example I would give here is that when we started Yodlee in the early days of 1999, plenty of money, we raised $15 million in my first round from Sequoia and Accel, things were going well, but we had this competitor called VerticalOne and they were doing B2B while we were doing B2C. We really thought 'hey, the key to become a consumer destination, aggregate everybody's data, we can be the next Yahoo! but My Yahoo!' and VerticalOne meanwhile was working with banks and brokerage companies in licensing their data.

We could have continued on our way, there was no capital shortage at that point or even sort of lack of - it was the first bubble. But what there was, was a lot of competitive pressure, because VerticalOne was going out and pitching banks and they were calling us. And we want to stay on a B2C platform and VerticalOne was pitching on these banks. And we walked into one board meeting three months after we started the company, a month a half after we raised $15 million on the B2C vision and we chatted about what VerticalOne was doing and how we had the risk of Citi Bank and Merrill Lynch and Bank of America and all these are the players having their consumers after somebody else's product. And we walked out of the board meeting and then pivoted to a B2B company. Then we went out and we acquired our competitor, and in 18-months we locked up every bank and brokerage company in the country, every one. Then we raised $52 million from AOL. And a month later, the bust came. And every company went out of business and we had $52 million in the bank and 30 plus banks that were counting on us for our technology. And that's how we stayed alive, from 2002 to 2004, 2005.

So speed was of the essence, because the market shifted. Not to be confused, as I said, market readiness for your product. But I think the value is not being the first, the value is the rate of your learning. And you want it - if anybody's going to cannibalize you on your own business, you'd rather it was you. And if anybody is going to figure what the tweak is on top of your platform, that makes it go from here to here, you'd rather it be you. So it's all about the rate of learning. And ultimately the rate of progress, but really about the rate of learning.